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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: US/EC WINE CONSULTATIONS

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1. SUMMARY: US/EC TECHNICAL CONSULTATIONS ON WINE TRADE WERE HELD IN WASHINGTON JULY 26-27. EC WILL PUT INTO EFFECT SEPTEMBER 1, 1976 THREE REGULATIONS: EC COMMISSION LABELING REGULATION 1608/76, COUNCIL REGULATIONS 1160/76 AND 1839/76 ON CERTIFICATION. JEAN PIERRE LENG AND HERMAN DE LANGE OF THE EC MISSION IN WASHINGTON AND DR. REICHARDT OF THE EC AND REPRESENTATIVES OF TREASURY, COMMERCE, STATE, AGRICULTURE, BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS (ATF) AND STR DISCUSSED VARIOUS U.S. AND EC REGULATIONS AFFECTING US/EC WINE TRADE INCLUDING EC CERTIFICATE AND ANALYSIS REGULATIONS, US AND EC LABELING REGULATIONS, AND PLANNED US METRIC STANDARDS OF FILL.

MOST OF THE DISCUSSION CENTERED ON US OBJECTIONS TO EC COMMISSION REGULATIONS. WHILE TECHNICAL INTERPRETATION AND THE ADMINISTRATIVE PROCEDURES ARE BETTER UNDERSTOOD, THESE REGULATIONS STILL LOOM AS A MAJOR NTB FOR US WINE EXPORTERS.

DR. REICHARDT INDICATED HE WILL ATTEMPT TO EXPEDITE THE RESOLUTION OF CUSTOMS PROBLEMS STEMMING FROM THE INTERPRETATION AND ADMINISTRATION OF EC DIRECTIVES ON WINE.
END SUMMARY.

MAJOR TOPICS DISCUSSED INCLUDED THE FOLLOWING:

2. EC LABELING REGULATIONS:

A. APPELLATIONS OF ORIGIN (GEOGRAPHICAL NAMES)

EC HAS UNILATERALLY GRANTED U.S. DEROGATION TO 85 PERCENT FROM 100 PERCENT. FURTHER DISCUSSION NECESSARY AS US REGULATIONS REQUIRE THAT AT LEAST 75 PERCENT OF THE GRAPES USED IN PRODUCING THE WINE BE FROM GEOGRAPHICAL AREA FOR WHICH WINE IS NAMED.

B. VARIETAL WINES - COMPOSITION

EC HAS UNILATERALLY GRANTED US A DEROGATION FROM 100 PERCENT LIMITED OFFICIAL USE

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CENT TO 85 PERCENT. FURTHER DISCUSSION NECESSARY AS US REGULATIONS REQUIRE VARIETAL WINE BE COMPOSED OF ONLY 51 PERCENT OR MORE OF THE VARIETAL GRAPE FOR WHICH THE WINE IS NAMED. SINCE MOST US WINES INCLUDING MANY PREMIUM WINES ARE BLENDS, THE NET EFFECT OF THIS EC LABELING REGULATION WOULD BE TO EXCLUDE ALMOST ALL US VARIETAL WINES FROM EC MARKET.

C. NOMENCLATURE (SYNONYMS)

EC DEL INDICATED THAT US WINE NAMES SUCH AS FRENCH COLOMBARD, WHICH EC DEEMED UNACCEPTABLE SINCE THEY MIGHT MISLEAD CONSUMERS, MIGHT BE RECONSIDERED LATER AT US INITIATIVE ON NAME-BY-NAME BASIS. MOST NAMES ON THE QUOTE DISAPPROVED END QUOTE LIST SUCH AS ST. EMILION AND JOHANNESBURG RIESLING ARE PROBABLY NON-NEGOTIABLE.

D. VINTAGE DATING

EC GRANTED US DEROGATION TO 95 PERCENT WHICH IS CONSISTENT WITH US REGULATIONS.

E. QUALITY INFORMATION RULES

EC DEL ADVISED THAT IF US DEVELOPS RULES ON QUALITY INFORMATION FOR ITS WINES, THESE RULES WILL BE ACCEPTED BY EC.

F. ALCOHOL CONENTENT

LISTING ALCOHOLIC CONTENTS ON LABELS OF WINES IMPORTED INTO EC IS OPTIONAL UNDER EC RULES. IF LISTED, LABEL MUST INDICATE MINIMUM PERCENT; NO LIMIT ON UPWARD VARIATIONS FROM LISTED PERCENT. THIS IS INCONSISTENT WITH US TOLERANCE WHICH PERMITS VARIATIONS UP TO 1.5 PERCENT IN EITHER DIRECTION FOR WINES CONTAINING LESS THAN 14 PERCENT ALCOHOL AND 1.0 PERCENT FOR WINES WITH HIGHER ALCOHOLIC CONTENT.

G. FRUIT WINES

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SUBJECT TO NATIONAL REGULATIONS. EC TO PROVIDE US WITH COPIES OF INDIVIDUAL MEMBER STATE REGULATIONS.

H. RELIGIOUS WINE

IN EC SALES OF WINES FOR RELIGIOUS USE ARE RESTRICTED TO RELIGIOUS INSTITUTIONS. UNDERSTANDING IS EC WILL REVIEW ITS POSITION AND MAY MODIFY RULES.

I. FORTIFIED WINES

EC REGULATIONS REQUIRE WINE WITH ALCOHOL ADDED BE LABELED AS EITHER FORTIFIED WINE OR LIQUEUR WINE. THIS IS INCONSISTENT WITH US LABELING PRACTICES.

J. DRY WINES

EC REGULATIONS PROHIBIT USE OF TERMS QUOTE SEC END QUOTE AND QUOTE DRY END QUOTE UNLESS WINES HAVE A SUGAR CONTENT BELOW A MAXIMUM SET ON SLIDING SCALE IN RELATION TO ACIDITY. BOTH TERMS TRADITIONALLY USED ON US LABELS WITHOUT REFERENCE TO SUGAR CONTENT, AND HAVE COMMERCIAL IMPORTANCE. FURTHER DISCUSSION NECESSARY.

K. APPLICABILITY OF REGULATIONS

EC REGULATIONS SUPERSEDE THOSE NATIONAL REGULATIONS WHICH ARE AT VARIANCE WITH EC REGULATIONS.

L. ADMINISTRATION AND ENFORCEMENT PROCEDURES

US POSTS SHOULD INFORM DEPARTMENT OF STATE OF ANY DIFFICULTIES ENCOUNTERED BY US WINE EXPORTERS. WE WILL INFORM DR. REICHARDT OF EC COMMISSION THROUGH US MISSION BRUSSELS AND ALSO INFORM EC MISSION WASHINGTON.

M. TRANSITION PERIOD

UNTIL SEPTEMBER 1, 1977, US WINE LABELS MAY MEET EITHER COMMISSION OR NATIONAL REGULATIONS.

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3. CERTIFICATE PROBLEMS

A. NON-VINIFERA WINES

EC REGULATIONS, WHICH SUPERSEDE NATIONAL REGULATIONS, HAVE BEEN AMENDED TO ALLOW IMPORTATION OF NON-VINIFERA WINES, INCLUDING HYBRIDS AND LABRUSCA. EC REGULATION 1599 WHICH CONTAINED THE QUOTE ZONES OF COMPARABILITY END QUOTE CONCEPT HAS BEEN ABOLISHED.

B. PERMISSIBLE PRACTICES

EC IS DEVELOPING A LIST OF PERMISSIBLE WINE PRACTICES AND WILL PROVIDE COPY OF THEIR DRAFT. WE ANTICIPATE EC REGULATIONS WILL BE AT VARIANCE WITH US REGULATIONS IN MANY AREAS SUCH AS ION-EXCHANGE RESINS, ADDITION OF SUGAR/WATER SOLUTIONS, ETC. US AGREED TO PROVIDE EC WITH LIST OF US PRACTICES WHICH CONFLICT WITH EC ACCEPTED PRACTICES. EC OFFERED TO CONSIDER DEROGATIONS FOR SUCH PRACTICES.

C. U.S. EXEMPTION FROM CERTIFICATE REQUIREMENT

US EXEMPTION WILL CONTINUE PROVIDED OUR ANNUAL WINE EXPORTS TO EC REMAIN LESS THAN 1000 HECTOLITERS. HOWEVER, THE PENDING COUNCIL REGULATION 1839/1/76 WILL RESTRICT THE EXEMPTION TO WINE IN CONTAINERS OF 2 LITERS OR LESS EFFECTIVE SEPTEMBER 1, 1976. TRANSITIONAL PROBLEMS WILL BE ACCOMMODATED BY EC UNDER ARTICLE 4 OF 1839 AND US WINE SHIPMENTS SHOULD THUS NOT ENCOUNTER PROBLEMS ON OR AFTER SEPTEMBER 1 AS A RESULT OF THE RESTRICTIONS. DR. REICHARDT INDICATED, HOWEVER, THAT THIS ACCOMMODATION WOULD BE SHORT TERM.

D. FORMAT OF CERTIFICATES

CERTIFICATES WILL INCLUDE ATTESTATION THAT WINES (1) ARE LABELED IN ACCORDANCE WITH EC REGULATIONS, (2) DO NOT VIOLATE EC'S LIST OF ACCEPTED PRACTICES, (3) MEET US WINEMAKING PRACTICES AND ARE FREE TO CIRCULATE IN U.S. MARKET. WE INFORMED EC THAT WE WOULD NOT BE ABLE TO LIMITED OFFICIAL USE

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COMPLY WITH THIS REGULATION WHEN IT GOES INTO FORCE SEPTEMBER 1, 1976 SINCE WE DO NOT YET HAVE THE EC'S LIST OF ACCEPTABLE WINEMAKING PRACTICES.

4. U.S. REGULATIONS

A. FDA INGREDIENT LABELING REGULATIONS

MR. QUINN, DIRECTOR, DIVISION OF REGULATORY COMPLIANCE, OF THE FOOD AND DRUG ADMINISTRATION (FDA), BRIEFED EC DEL ON CURRENT FDA ACTIVITIES RE WINES, AND STATED THAT EFFECTIVE JANUARY 1, 1978, ALL ALCOHOLIC BEVERAGES MARKETING IN THE US WOULD BE REQUIRED TO CONFORM WITH THE LABELING PROVISIONS OF THE FEDERAL FOOD, DRUG AND COSMETIC ACT.

B. U.S. REGULATIONS ON ENOLOGICAL STANDARDS AND PRACTICES

IN THE NEAR FUTURE, US AUTHORITIES WILL PUBLISH PROPOSALS FOR REGULATIONS ON ACCEPTABLE ECOLOGICAL STANDARDS AND PRACTICES.

5. FUTURE CONSULTATIONS

IT WAS AGREED THAT MUCH WORK REMAINED IN THIS AREA, AND THAT MEETING OF EXPERTS TO REVIEW PROBLEMS CONCERNING BILATERAL WINE TRADE SHOULD TAKE PLACE, PERHAPS CONCURRENT WITH NEXT REGULARLY SCHEDULED US/EC BILATERAL CONSULTATIONS, TENTATIVELY SET FOR MIDDLE OF OCTOBER.

6. ACTION REQUESTED: MISSION SHOULD DISCUSS WITH COMMISSION AT APPROPRIATELY HIGH LEVEL THE RESULTS OF CONSULTATIONS. ALTHOUGH USG APPRECIATES COMMISSION'S ATTEMPTS TO ACCOMMODATE US CONCERNS IN THE WINE REGULATIONS, COMMISSION SHOULD BE MADE AWARE THAT WE ARE NOT SATISFIED WITH THE RESULTS OF THE CONSULTATIONS. WE BELIEVE THAT, TAKEN TOGETHER, THE EC'S REGULATIONS CONSTITUTE A MAJOR TRADE BARRIER TO US WINE EXPORTS TO EUROPE. SINCE THE USG IS ALSO PREPARING WINE REGULATIONS WHICH WILL BE OF INTEREST TO THE EC, WE BELIEVE THAT IT IS IN OUR MUTUAL INTEREST TO WORK JOINTLY ON OUR WINE LIMITED OFFICIAL USE

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REGULATIONS TO MINIMIZE BARRIERS TO TRADE. UNFORTUNATELY, THE SHORT TIME REMAINING BEFORE THE SEPTEMBER 1 DATE FOR IMPLEMENTING THE EC REGULATIONS IS INSUFFICIENT TO RESOLVE OUTSTANDING PROBLEMS. MISSION SHOULD THEREFORE SEEK TO ENSURE IN ITS DISCUSSIONS WITH COMMISSION THAT US WINE EXPORTS TO EC NOT BE IMPEDED BECAUSE OF NEW REGULATIONS. ONE ALTERNATIVE MIGHT BE FOR EC TO NOT IMPLEMENT REGULATIONS UNTIL BOTH SIDES HAVE FULLY EXPLORED MUTUALLY ACCEPTABLE SOLUTION. KISSINGER

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